(d) Periodical statutory inspection of UCBs and special scrutinies conducted on specific occassions have revealed the following reasons for increase in NPAs and failure of recovery:-

(i) Lack of sound lending policies and non-adherence to RBI instruction issued from time to time;

(ii) Poor quality of pre-sanction appraisal of credit proposals and post-sanction supervision of loans and advances;

(iii) Excessive exposure to certain sectors, including sensitive sectors;

(e) to (g) The following measures have been taken by RBI/NABARD to check the rising NPAs and encourage recovery of NPAs:-

(i) Penal measures against willful defaulters;

(ii) Introduction of One Time Settlement Scheme of NPAs;

(iii) Ban on loans and advances to directors of Co-operative banks in pursuance of the recommendation of Joint Parliamentary Committee and RBI's internal findings;

(iv) Bank on loans and advances to share brokers;

(v) Classification UCBs according to their financial condition with a view to improve their financial position.

New opium policy

†1949. SHRI P.K. MAHESHWARI: Will the Minister of FINANCE be pleased to state:

(a) whether exploitation and difficulties of farmers have increased due to new opium Policy of the Government;

(b) if so, whether the Government are considering to make changes in the above policy in the interest of farmers;

(c) whether farmers of Mandsaur, Ratlam and Nimatch districts in Madhya Pradesh have sent a 13 point memorandum to Government against the said policy; and

(d) if so, Government's point of view regarding this new opium policy?

†Original notice of the question was received in Hindi.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) A few representations were received from the opium poppy cultivators against certain provisions of the Opium Licensing Order (Policy) for the crop year 2004-05. The main grievances relating to the said Opium Licensing Order (Policy) were regarding the provision of debarring from licence those cultivators who had tendered 'water-mixed' opium of consistency below 55 degree during the crop year 2003-004 and increase in the forewarning of Minimum Qualifying Yield to 58 kg per hectare for eligibility in case of Rajasthan and Madhya Pradesh for licence for the next crop year 2005-06.

(b) A notification has been issued on 03.12.2004 whereby the Opium Licensing Order (Policy) for the crop year 2004-2005 has been amended by deleting the provision of debarring of cultivators who have tendered 'water-mixed' opium of consistency below 55 degree during the crop year 2003-04 and the forewarning of Minimum Qualifying Yield for eligibility for licence for the crop year 2005-06 has been lowered to 56 kg per hectare from the earlier 58 kg per hectare in case of Rajasthan and Madhya Pradesh.

(c) Yes, Sir.

(d) The representation has been considered alongwith other representations and action as per (b) above has already been taken by the Government. Besides, the procurement price of opium has also been increased by 5% for the crop year 2004-05.

Service Tax on Life Insurance Services

1950. SHRI TARIQ ANWAR: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Life Insurance Services have come under service tax;

(b) if so, the details thereof;

(c) the new services that have been brought under tax net since June 2004; and

(d) the other new services likely to be brought under tax net?